

Consolidated Annual Performance & Evaluation Report CDBG & HOME Programs 2004-2005



*City of Asheville &
Asheville Regional
Housing Consortium*

September 30, 2005

**CITY OF ASHEVILLE
and
ASHEVILLE REGIONAL HOUSING CONSORTIUM**

**CONSOLIDATED ANNUAL PERFORMANCE AND
EVALUATION REPORT
FOR THE CDBG AND HOME PROGRAMS**

Year Ending June 30, 2005

Submitted to the Citizens of Buncombe,
Henderson, Transylvania and Madison Counties
and the U.S. Department of Housing and Urban Development
September 30, 2005

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ABBREVIATIONS USED IN THIS DOCUMENT

ABCRC	Asheville-Buncombe Community Relations Council, Inc.
ADDI	American Dream Downpayment Initiative
AHC	Affordable Housing Coalition of Asheville Buncombe County, Inc.
AMI	Area median income
CAPER	Consolidated Annual Performance and Evaluation Report (this report)
CARROT	City of Asheville Rental Rehab. for Owners and Tenants (loan program)
CBDO	Community-Based Development Organization (a special type of non-profit defined in CDBG program rules)
CCCS	Consumer Credit Counseling Services, Inc.
CDBG	Community Development Block Grant (program)
CHDO	Community Housing Development Organization (a special type of non-profit defined in HOME program rules)
DPA	Down Payment Assistance
EMSDC	Eagle/Market Streets Development Corporation
FAIR	Flexible, Affordable, and Inclusive Rehabilitation (City loan program)
FHAP	Fair Housing Assistance Program (HUD Grant program)
FHIP	Fair Housing Initiatives Program (HUD Grant program)
FMR	Fair Market Rent
FTE	Full Time Equivalent (measure of job creation)
HAC	Housing Assistance Corporation
HACA	Housing Authority of the City of Asheville
HMIS	Homeless Management Information System
H/O	Home-Ownership
HOME	HOME Investment Partnerships Act (program)
HUD	U.S. Department of Housing and Urban Development
LBP	Lead-based paint
LIHTC	Low Income Housing Tax Credits
LMI	Low- and moderate-income (below 80% of AMI)
M/F	Multi-family (housing)
MHO	Mountain Housing Opportunities, Inc.
MMF	Mountain Microenterprise Fund, Inc.
MMLF	Mountain Microenterprise Loan Fund
N/C	New construction
NCFHC	North Carolina Fair Housing Center
NCHFA	North Carolina Housing Finance Agency
NCR	National Church Residences
NHS	Neighborhood Housing Services of Asheville, Inc.
NIMBY	"Not in my back yard"
PHA	Public Housing Authority
S/F	Single family (housing)
SHOP	Self-help Homeownership Opportunity Program
SPMI	Severe, persistent mental illness
TCHDC	Transylvania County Housing Development Corporation
The Consortium	The Asheville Regional Housing Consortium (covering Buncombe, Henderson, Madison and Transylvania Counties)
VOAC	Volunteers of America of the Carolinas
WCCA	Western Carolina Community Action
WECAN	West End/Clingman Avenue Neighborhood
WNC Housing	Western North Carolina Housing, Inc.
WNCCHS	Western North Carolina Community Health Services, Inc.

CITY OF ASHEVILLE CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT

For Fiscal Year July 1, 2004 - June 30, 2005

Section I: Introduction

This report (the "CAPER") describes the activities and accomplishments of the City of Asheville and the Asheville Regional Housing Consortium in their housing and community development programs in fiscal year 2005. It focuses on how the City and the Consortium used federal Community Development Block Grant (CDBG) and HOME Partnership Act (HOME) funds, but it also mentions other closely related activities.

This is the final year of reporting on the goals and objectives set out in the City's **Consolidated Strategic Housing and Community Development Plan for 2000-2005**. A new Strategic Plan was prepared during the year to cover the period from July 2005 through June 2010. Completion of the five-year planning cycle is an important milestone and throughout this report we emphasize our achievements over the five year period as well as in the reporting year.

The City of Asheville has been a CDBG entitlement community since the CDBG program was started in 1974. It receives an annual grant from the U.S. Department of Housing and Urban Development (HUD) to be used within the City. CDBG funds can be used with great flexibility to provide "decent housing and a suitable living environment and expanding economic opportunities principally for persons of low and moderate income". The amount of funds available for this valuable and flexible program has decreased in recent years from a high point of \$1,694,000 in FY 1996 to \$1,546,000 in FY 2005.



The **HOME** program, also funded through HUD, was started in 1992 to provide a block grant specifically for affordable housing. The City of Asheville joined with the counties of Buncombe, Hendersonville, Madison, and Transylvania to form a consortium large enough to qualify for HOME funding. The HOME sections of this report therefore cover a wider geographic area than the CDBG sections. The City of Asheville is responsible for program administration, under the oversight of a Board on which all Consortium member governments are represented. The amount of HOME funds available to

the Consortium has increased steadily from \$877,000 in FY 1994 to \$1,658,996 in FY 2005. In 2004 a homeownership assistance component was added, called the American Dream Downpayment Assistance Initiative (ADDI).

This report starts with brief overviews of CDBG and HOME expenditures and accomplishments (Section II) and the other funds they leverage (Section III). Section IV describes how activities address the objectives in our Strategic Plan. A summary of citizen comments (Section V) is followed by a self-evaluation of progress, barriers to progress, and changes that are affecting our programs (Section VI). HUD-required certifications are in Section VII. Sections VIII and IX contain details of each activity receiving CDBG or HOME funds. Maps showing the location of these activities are in Section X. Section XI contains financial summaries and statistical information on program beneficiaries.

Section II: Overview of Achievements

The City of Asheville and Asheville Regional Housing Consortium supported 66 projects with CDBG and HOME funds during the reporting year. Detailed descriptions of all program activities can be found in Section XIII (CDBG) and Section IX (HOME). The key accomplishments during the reporting year (2004-05) and five-year planning period (2000-05) were as follows:

Table 1 – Program Accomplishments (outputs)

Output	Reporting year	Five year Total
Owner-occupied homes substantially rehabilitated	8	62
Owner-occupied homes given urgent repairs	40	200
Rental units rehabilitated	127	462
New homes built and sold to first-time homebuyers	44	185
Downpayment assistance to other homebuyers	9	21
New rental units completed	31	303
People assisted with rent or emergency relocation	57	214
Total units of affordable housing assisted	316	1,447
Households receiving home-buyer education, rental education, credit counseling, or fair housing advice.	1381	6722*
Children served by Hillcrest Enrichment program or YWCA	137	857*
Homeless people receiving shelter and other services	2253	8759*
People benefiting from job training, job creation, or micro-enterprise assistance	304	1144*
New federal, state, or foundation funds for housing and community development programs (counting only grants exceeding \$25,000)	\$9,996,372	\$58,360,576

* Will include duplication of some clients served over more than one fiscal year.

Programs are targeted primarily to households below 80% of area median income. Excluding administrative expenses, 99% of CDBG funds and 100% of HOME funds directly

benefited households below 80% AMI. The remaining CDBG funds were used in the elimination of slum and blight, mainly in the South Pack Square redevelopment area.

Receipts and expenditures of CDBG and HOME funds are shown in Table 2. This year, for the first time, the amount of HOME funds available exceeded the amount of CDBG funds. In addition, the City expended \$272,100 in CDBG Section 108 Guaranteed Loan Funds on rental housing rehabilitation. A balance of \$389,691 remains to be expended out of the original \$1,500,000 guaranteed loan provided by HUD in 1999. All of this is committed to the Woodfin Apartments project, which is currently under construction.

Table 2 – Receipts, Expenditures and Leveraging of CDBG and HOME funds

Income:	CDBG	HOME/ADDI	Other Funds
Unexpended Balance at July 1, 2004	1,227,900	1,725,170	n/a
2004 Entitlement Grant	1,546,000	1,658,996	n/a
Program Income and Other Repayments	526,955	59,006	n/a
Recaptured funds		108,610	n/a
Total funds available	3,300,855	3,551,782	n/a
Expenditures:			
Housing	854,198	2,040,980	16,332,961
Economic Development	157,453		1,057,875
Public Services & Fair Housing	280,000		1,647,497
N'hood Improvements & Infrastructure	374,583		1,126,908
Debt Service	108,000		97,922
Planning & Administration	269,793	248,437	
Total Expended	2,044,027	2,289,417	20,263,163
Unexpended Balance at June 30, 2005	1,256,828	1,262,365	n/a

Section III: Leveraging Other Funds

An important feature of our programs is the amount of funding leveraged by use of CDBG and HOME dollars, in other words, the resources that are used along with CDBG and HOME dollars to address consolidated plan objectives.

The last column of Table 2 shows how much was spent from other sources on CDBG- and HOME-assisted activities. It shows that **for every CDBG or HOME dollar spent on these activities, at least \$4.68 was leveraged from other sources in FY 2005**. The five-year average was \$3.89.

Table 3 lists grants, tax credits, and low-interest loans won during the reporting period, often against stiff competition, that are helping the City and its partner agencies carry out housing and community development programs.

**Table 3 - Other Major Funding Awards in 2004-05
for CDBG- or HOME-Assisted Programs**

Grantee(s)	Program	Grantor	\$ Amount
City of Asheville/ABCRC	Fair Housing	HUD – FHAP City of Asheville Buncombe County	173,600 60,000 30,000
City of Asheville/MHO	Clingman Avenue Infrastructure	NCDOT Enhancement Grant	235,120
AHC	Homebuyer Education	HUD Housing Counseling	45,200
AHC	Renter Education	United Way HUD Housing Counseling	38,000 42,243
AHC	Interlace	HUD – Supportive Housing Program	263,137
Asheville Area Habitat for Humanity	Enka Development	Janirve Foundation	500,000
CCCS	Housing Counseling	United Way HUD Housing Counseling Citibank	92,205 39,575 129,212
Henderson County Habitat for Humanity	Highlander Woods	NCHFA Self-help Loan Pool Federal Home Loan Bank	150,000 96,000
Henderson County Habitat for Humanity	Shuey Knolls	SHOP 2005 NCHFA Self-help Loan Pool Federal Home Loan Bank	47,335 150,000 48,000
Hospitality House	Homeless Services	HUD – Supportive Housing Emergency Shelter Grant Sisters of Mercy Foundation	182,886 49,356 36,000
Housing Assistance Corporation	Mainstay Manor	NCHFA Rudnick Foundation	236,601 70,000
Housing Assistance Corporation	Highland View Apartments	LIHTC State Tax Credit Loan	211,821 465,809
MHO	Emergency Home Repair and Rural Housing Rehab	Buncombe Co. Aging Services United Way NCHFA Community Foundation of WNC	45,000 103,394 75,000 30,000
MHO	Griffin Apartments	Community Affordable Housing Equity Corporation NC State Tax Credit Loan COA Housing Trust Fund Loan	3,889,744 1,227,289 140,000
MHO	Housing Services	Western Highlands Housing Specialist Program Buncombe County NC Comm Dev Initiative	43,000 34,313 40,000
Mountain Microenterprise Fund	Small Business Development	Small Business Administration Asheville Merchants Fund Health & Human Services Mary Reynolds Babcock Foundation Hewlett Packard Company	143,500 25,000 93,550 30,000 25,132
Mountain Microenterprise Loan Fund	Small Business Loan Pool	NC Rural Center Babcock Foundation	43,750 75,000
NHS	Housing Services/DPA	NeighborWorks America	125,000
NHS	Scattered Site S/F Dev	COA Housing Trust Fund Loan	240,000
Western Highland LME	Shelter plus Care	HUD – Supportive Housing Program	175,600
		TOTAL	\$9,996,372

Note: Grants less than \$25,000 are not individually listed

Table 4 lists low interest loans for housing development made by the City's Housing Trust Fund during the reporting year. The loans to Neighborhood Housing Services of Asheville assist units which are also CDBG- or HOME-assisted; the remainder were made to for-profit developers producing affordable housing.

Table 4 - Housing Trust Fund Loans Awarded in FY 2005

Developer	No. of Units	Type	Loan Amount
Neighborhood Housing Services: Scattered site new construction	12	For Sale	\$ 240,000
Neighborhood Housing Services: Brotherton Avenue site	18	For Sale	50,000
Paul Saylor – Oakview Rd.	2	Rental	80,000
JCS Investments – Bostic Place	8	For Sale	250,000
T & W Vorst – Patton Avenue	6	Rental	150,000
Totals	46		770,000

Section IV: How Activities Addressed Strategic Plan Objectives

Affordable Housing

The City of Asheville and its partners used CDBG and HOME funds to produce a total of 317 affordable housing units during the reporting year. "Production" includes units of rehabilitation, down-payment assistance, and rent assistance, as well as new construction. Table 5 below compares this production with the targets set out in our Five-year Consolidated Strategic Plan for 2000-2005, and Table 6 provides a breakdown of beneficiaries by location and tenure type.

Table 5 - Affordable Housing Targets and Production

Production Type	5-Year Target	Production					
		FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	5-year Total
New Construction and Rehabilitation for Homeownership	125	25	36	40	45	44	190
New Construction for Rental	250	60	74	130	8	31	303
Rehabilitation/Repair of Owner-Occupied units	225	72	54	52	31	48	257
Rehabilitation of Rental Units	250	157*	15	3	160*	127	462
Direct Homeownership (Downpayment) Assistance	75	6	4	0	2	9	21
Tenant Based Rent Assistance and Emergency Relocation	none	47	31	41	38	57	214
Total units	925	367	214	124	284	316	1447

* includes separate repair projects at the Vanderbilt Apartments

Figure 1: Total Housing Production FY 2001-2005

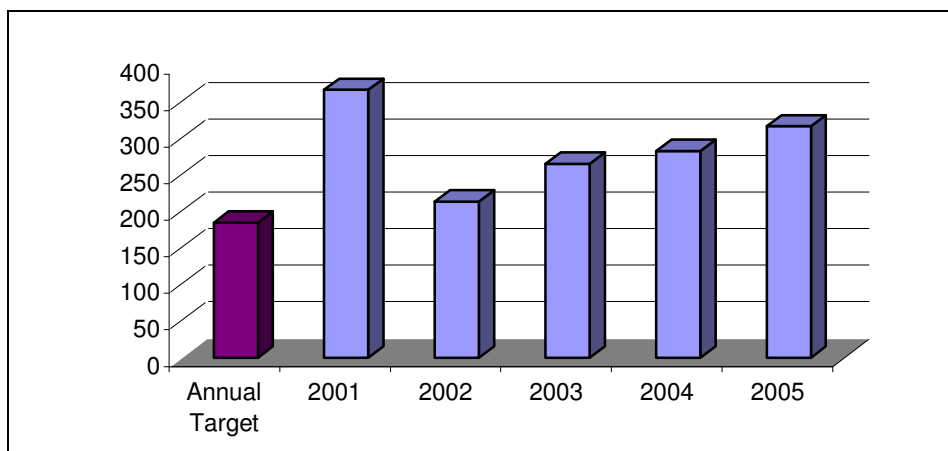
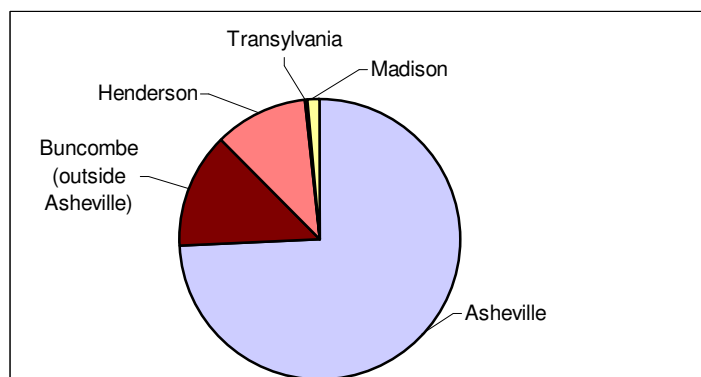


Figure 2: Total Housing Production by County (excluding emergency repair programs)



In addition, our partners have produced **at least 721 affordable units over the five year period**, that are not counted above because they were not directly assisted with local HOME or CDBG funds:

- 43 units constructed by for-profit developers in Asheville with assistance from City Housing Trust Fund loans.
- 83 affordable new homes received City of Asheville fee rebates (fee rebates also went to 202 homes assisted with CDBG, HOME or the HTF)
- 480 homes in Asheville and Buncombe County received emergency repairs by Mountain Housing Opportunities, in addition to those assisted with CDBG.
- 25 rental units for the elderly were converted from an old school building in East Flat Rock, Henderson County, by a private developer using tax credits.

- At least 52 homes consortium-wide were rehabilitated using State CDBG funds (scattered site rehabilitation in all four counties and a Revitalization Strategy grant in Brevard).
- 2 new homes constructed by Transylvania County Habitat for Humanity.
- 36 homebuyers, consortium-wide received downpayment assistance from various non-profit agencies.

Housing for People with Special Needs

The Strategic Plan's first priority in housing is "to help those with the greatest needs – the homeless, people with very low incomes, the frail elderly, and people with disabilities". Out of the 307 beneficiaries listed in Table 6 on the previous page, 84 (27%) have incomes below 30% of area median. Taking the past five years together, 44% of housing beneficiaries had incomes below 30% AMI. CDBG-funded service programs including homeless programs, and rental and financial crisis counseling helped another 2804 people with "worst case" needs (69% of the total). Over the five years, the equivalent figure was 64%.

Our programs also assisted at least 361 non-elderly disabled people and 16 with HIV/AIDS. These categories are likely to be undercounts because we do not require beneficiaries to disclose disabilities.

In 2004-05 there were, unusually, no completed housing projects designed specifically for people with disabilities. However, rehabilitation of the Battery Park Apartments for the elderly, MHO's Emergency Repair program, and the AHC Tenant-based Rental Assistance program served significant numbers of disabled people. Over the past five years, we have assisted the production of 67 new housing units for people with disabilities:

CAPER Year	Project	Serving	Units
2001	Fairview Rd Section 811	SPMI	8
	Clearview Terrace Group Home	Hearing & sight disabilities	5
	Annandale Apartments	SPMI	5
2002	Dunbar Place	various	12
2003	Independence Cottages	SPMI	5
	Life House	Spinal injuries	20
	Bedford Lane Apartments	SPMI	4
2004	Ross Creek Commons	SPMI	8

All our other assisted housing programs can, and most do, serve people with disabilities and we have emphasized both **accessibility** and "**visitability**" in our evaluation of new housing projects. Retrofitting existing homes to make them accessible to disabled homeowners is a routine part of the rehabilitation programs operated throughout the consortium.

Table 6
Beneficiaries of CDBG and HOME Assisted Housing Activities, by Location, Tenure Type and Income

Category	Buncombe County			Henderson County			Madison County		Transylvania County		Totals
	Rehab	New Const	TBRA/AD DI	Rehab	New Const	DPA	Rehab	New Const	ADDI	New Const	
Renters											
Elderly											
0 - 30%	10	1	4								15
31 - 50%	90		2								92
51 - 80%	6										6
Total Elderly	106	1	6								113
Non-Elderly											
0 - 30%	1	15	24								40
31 - 50%		16	17								33
51 - 80%	3	7	10								20
Total Non-	4	38	51								93
Total Renters	110	39	57								206
Owners											
Elderly											
0 - 30%	19										19
31 - 50%	12						3				15
51 - 80%	2										2
Total Elderly	33						3				36
Non-Elderly											
0 - 30%	7				3						10
31 - 50%	5	6	1		13				1		26
51 - 80%		22	4			3					29
Total Non-	12	28	5		16	3			1		65
Total Owners	45	28	5		16	3	3		1		101
Grand Totals	155	67	62		16	3	3		1		307

Note: This table includes 12 units completed last year but occupied this year: 7 Chapel Park Place(1), 114 Shadowlawn Drive(1), Ross Creek Commons(8), 1 East End Place(1), and 7 East End Place(1). It excludes 21 units completed but not yet occupied: 197 E. Oakview St (1) , 84 Boyd St (1), 32 Lamb Ave(1), 36 Lamb Ave(1), 280 Merrimon (2) and Battery Park Apartments(15).

Public Housing

The Strategic Plan does not set specific targets in the Public Housing area. The City and the Regional Housing Consortium rather seek to assist the seven Public Housing Authorities in the Consortium area in achieving the objectives in their five-year plans. A detailed account of progress under these plans is outside the scope of this report. The following is a summary of some achievements of the Housing Authority of the City of Asheville (HACA), by far the largest PHA in the Consortium area with 1540 units.

In 2004, HACA again achieved “**High Performer**” status in its HUD assessment under the Quality Housing and Work Responsibility Act.

HACA received capital funds of \$2,516,015 in 2004-05, including a bonus of \$83,319 for timely use of funds and for maintaining its “High Performer” designation. It is using the majority of its annual capital fund to carry out renovations and upgrades to its housing stock, increase staff efficiency and boost crime prevention. It continued comprehensive renovation of the Klondyke Homes development located in the City’s Montford District, and boosted security in several developments with increased lighting, surveillance and patrol units. The design for elevator upgrades at HACA’s three high-rise buildings is nearing completion and contract negotiation for the work will be underway soon.

The City has partnered with the Housing Authority in several important projects:

1. The City continued to use CDBG funds to support HACA’s **Hillcrest Youth Enrichment** program, providing educational, recreational and cultural programs for young people living in public housing.
2. The City authorized HACA to retain \$15,000 in HOME program income from the Buttonwood Court development for use in its homeownership program.
3. Renovation started in October 2004 on the Woodfin Apartments, which is owned by HACA but is not part of its public housing stock. This important project will provide 19 units of housing for homeless people, including those with HIV/AIDS (see Section IX).
4. National Church Residences, Inc. completed the renovation of the Battery Park Apartments in June 2005, using \$6.5 million in bonds issued by HACA in 2003-04 as well as tax credits and HOME funds (details in Section IX).
5. HACA is now providing project-based rental assistance for VOAC’s **Life House** and MHO’s **Compton Place**, both of them HOME-assisted projects completed in 2002-03. The program continued through 2004-2005.
6. Project 19, which consists of 24 units of scattered-site replacement housing, was completed in 2002-03 and remains fully occupied. These units are being assigned to residents participating in the Authority’s homeownership program.

One of HACA’s major goals for the past few years has been to provide more **housing opportunities for people with special needs**. Units meeting this goal include:

- Four apartments on Bedford Lane in Oakley for families with chronic mental illness, in partnership with WNC Housing. The building (originally designated as part of “Project 19”) was completed in 2002-03 and occupied fiscal year 2004.

- Six to eight conventional one-bedroom units in Klondyke are being made disabled-accessible as part of the 2004 - 2005 annual improvement plan.
- Nine public housing units will be set aside for people with HIV/AIDS when the Woodfin Apartments project is completed.

HACA has developed and maintained many other **resident initiatives**, including:

- Residents Council of Asheville, Inc., the governing body of the resident associations, which oversees other programs; HACA contracts with the Resident Council for lawn maintenance and moving services.
- Ten Resident Associations.
- Residents Management, Inc., training Hillcrest residents in housing management and currently managing Hillcrest Apartments; HACA is in the process of training a new class of residents for the continued management of Hillcrest Apartments.
- Family Self-Sufficiency programs for Section 8 voucher holders and public housing residents, emphasizing employment readiness, education, and homeownership. Tools for FSS participants include:
 - A Housing Choice Voucher home-ownership program started in 2003, which helped four voucher-holders become homeowners in 2004 – 2005.
 - IDA savings accounts for homeownership, education, and other investments necessary for self-sufficiency. State Department of Labor provides a 2:1 match.
 - A revolving loan fund (in development) to provide small additional loans as gap-fillers for homebuyers.
- A Section 3 employment program, started in 2004, which placed 9 public housing residents in jobs created by HACA contracts and other federally-funded construction projects.
- Elderly Services In-Home Aide Program (in partnership with Mission St. Joseph's Hospital).
- The Community Safety Team, a collaborative effort with the Asheville Police Department, and Buncombe County Sheriff's Department, through which off-duty police officers provide extra patrols in the Housing Authority's neighborhoods, has made significant advances in crime suppression.
- Youthful HAND (Housing Against Narcotics and Drugs) after school program, in partnership with United Way.
- Tutorial and homework assistance for public housing youth, in collaboration with Children First, a child advocacy non-profit.
- A partnership with the City of Asheville, Asheville City Schools, and the Education Coalition to demonstrate to parents reading skills and strategies they can use while assisting children with homework assignments.
- A summer camping program for public housing children, in partnership with Asheville City Schools, the Asheville Police Department, the Sheriff's Department, and local Churches.

- A community task force, consisting of HACA, City and local non-profits to address jobs, education, and crime in the public housing developments.
- Improved implementation of resident community services and family self-sufficiency program through automation and stronger connections with community organizations.
- HACA and the Resident's Council have established a matrix of all existing programs working on quality of life issues and self-sufficiency within housing.
- HACA has entered into several memoranda of agreement with organizations to address mental health issues as well as other quality of life issues.
- HACA has provided systemic training and development for the Resident's Council in leadership development, Strategic Planning, and Legal Authority and Responsibilities.
- The Residents' Council is working with every residents' associations in each development to insure functionality and progress on problematic issues.
- The Residents' Council has established criteria for persons and programs wishing to work in public housing.

Homelessness

The five-year Strategic Plan identified the highest priority homeless needs as transitional and permanent housing, case management, housing placement, mental health care, and job training. The subpopulations with the highest needs are the mentally ill and substance abusers. See Section VI for a discussion of the new 10-year plan for ending homelessness

The Strategic Plan set two specific performance objectives for addressing homelessness

- #1. Provide an additional 250 units of shelter or supportive housing (50 per year);
- #2. Achieve an accurate unduplicated count of persons experiencing homelessness.

No units of shelter or supportive housing were completed during the reporting year and, unfortunately, Hospitality House had to close its Calvary Shelter following the discovery of serious building safety issues. On the positive side, projects in the pipeline should add 54 units next year, and Hospitality House has reported greatly improved success in placing homeless people in mainstream housing (see the section on Non-housing Community Development below).

Table 7
Production of New Units for Homeless/Near Homeless

Type	2001	2002	2003	2004	2005	Five-year total
Emergency Shelter	12	43	5	8	(14)	54
Permanent Supportive Housing (new construction or acquisition)	11	20	9			40
Permanent Supportive Housing (rent assistance)			8	48		56
Other	12	8	11			31
Total	35	71	33	56	(14)	181

On objective #2, homeless service providers are close to implementing a Homeless Management Information System (HMIS) which should provide an unduplicated count of homeless persons and subpopulations for 2005-06 onwards, in addition to other useful information. The Asheville-Buncombe Coalition for the Homeless, an informal coalition of homeless agencies is participating in the system selected by a State-wide consortium. Because of software problems, the system launch has been delayed until October 2005. Costs of compliance will fall on individual agencies and are substantial: \$750 a year for each staff member using the system plus \$250 per person for initial training.

Meanwhile, the Homeless Coalition has continued its point-in-time homeless counts. The latest count in January 2005 showed 502 homeless persons compared with 698 in April 2004. The decrease is partly due to changes in methodology and a lack of reports from some agencies, but it is possible that we are also seeing a real reduction in homelessness.

During the reporting year the City used CDBG and HOME funds to assist the following programs that directly serve the homeless or prevented homelessness (details in section VIII):

- Rehabilitation of the Woodfin Apartments in downtown Asheville – 19 units for chronically homeless people and people living with AIDS; approximately 50% complete.
- Construction of the Griffin Apartments, also in downtown Asheville. Fifteen of the 50 units will be reserved for chronically homeless people. Will break ground in the summer of 2005.
- Construction of “Mainstay Manor”, four units of transitional housing for victims of domestic abuse in Hendersonville. Will break ground in August 2005.
- Construction of the expanded Flynn Home for 22 recovering substance abusers (6 additional beds); 90% complete.
- Construction of a group home by First Step Farm in Buncombe County for 10 recovering substance abusers; 97% complete.
- Operation of Hospitality House’s emergency and transitional shelters and A-HOPE day center, also assisted with a general fund grant.



The Woodfin Apartments, Asheville

- The Affordable Housing Coalition’s rental counseling and education program, including tenant-based rent assistance to help families into stable housing;
- The City’s emergency relocation program that assists households displaced by code enforcement action;
- Financial crisis counseling by Consumer Credit Counseling Services;
- A planning and resource development grant to Pisgah Legal Services to enable it to coordinate the community’s Continuum of Care and provide other advisory and grant-writing services to agencies participating in the Continuum;
- The preparation of a 10-year Plan to End Homelessness, through a separate contract with Pisgah Legal Services (see evaluation section for more detail).

In addition to CDBG and HOME funding, local homeless programs receive funding from HUD’s McKinney programs for the homeless. Several agencies receive McKinney Emergency Shelter Grant funding through the State, while **Supportive Housing Grants** directly from HUD are currently assisting six separate programs.

Table 8: Supportive Housing Grants

Agency	Program	Year Awarded/ Amount	Expended this year	Accomplishments this year
Affordable Housing Coalition	Interlace program – transitional housing and support services for victims of domestic violence	2004 \$263,137 2003 \$263,137	\$263,137	88 people (28 women and 60 children) were housed by Interlace during the fiscal year.
Western Highland LME (formerly Blue Ridge Center)	Shelter Plus Care rental assistance for homeless mentally ill	2004 \$182,244 2003 \$181,800	\$175,600	40 formerly homeless people assisted this year. 92% of clients served in the last 3 years are still in stable housing.
Hospitality House	A-HOPE outreach, safe haven and day center for homeless people	2004 \$182,886 2003 \$182,886	\$ 182,886	Served 1,884 people during program year. Supportive services increased by 33% compared with 03-04.
Housing Authority of City of Asheville	Woodfin Apartments – Shelter plus Care rent assistance for Woodfin Apartments (5-year grant)	2004 \$302,640	\$0	Program expected to start November 2005
Housing Authority of City of Asheville	Woodfin Apartments – Acquisition and renovation of 19 apartments for homeless with special needs	2001 \$420,000	\$315,541	Rehabilitation work started – approximately 50% complete
HACA/ WNCCHS	Shelter Plus Care rent assistance for homeless families impacted by HIV/AIDS	2002 \$251,940	\$15,831	9 adults and 6 children assisted; 91% of all clients served to date still have stable housing and medical care. Rent needs are lower than expected, enabling agency to serve more clients in future.

Fair Housing

In 1987 the City of Asheville and Buncombe County adopted a fair housing ordinance substantially equivalent to federal law. This ordinance set up the Asheville Buncombe Fair Housing Commission and empowered it to adjudicate fair housing complaints. The Asheville-Buncombe Community Relations Council (ABCRC) acts as the executive arm of the Fair Housing Commission and is responsible for administering the fair housing program in the City and County and investigating fair housing complaints. ABCRC was the first local agency in the nation to be certified by HUD to investigate housing discrimination under federal law. It receives funding from City and County General Funds, from City CDBG funds, and from HUD FHAP funds (via the City).

In 1998, the Asheville Regional Housing Consortium published its Analysis of Impediments to Fair Housing within the consortium's jurisdiction (Buncombe, Henderson, Madison and Transylvania Counties). The analysis found evidence of continuing racial disparity in all types of housing, and room for improvement in other areas as well. The City of Asheville and the Asheville Regional Housing Consortium have adopted a Fair Housing Implementation Plan to address these impediments and made it part of the 5-Year Strategic Plan. The final report on progress in implementing this plan is set out in table below.

In addition to the actions listed below, ABCRC continued its investigation activities within Buncombe County. It submitted seven completed and fully documented fair housing investigations to HUD in 2004-05 and investigated another 80 complaints that for various reasons did not qualify as HUD cases. In the period 2000-2005 a total of 43 cases were accepted by HUD.

Table 9
Fair Housing Implementation Plan – Summary of progress 2000-2005
Impediments identified in the 1998 Analysis are in bold type

Recommendations for Action	Responsible Agency	Status
1. Lack of knowledge about fair housing rights and persistent cultural attitudes that encourage separation impede fair housing.		
a. ABCRC to continue FH education/outreach in Buncombe Co. and in other counties as funds are available. It will refine its targeting to reach more residents in protected classes, particularly minorities and disabled.	ABCRC	ABCRC has substantially increased its outreach activities. It conducted 48 workshops on Fair Housing issues in 2004-05, attended by 1094 people, compared with 16 in 2000-01. Effective outreach to the disabled and Hispanic communities is evidenced by a sustained increase in complaints from these groups.
b. ABCRC should seek HUD FHIP funding for mass media campaign on FH rights.	ABCRC	HUD has ruled that ABCRC is not eligible for FHIP funding
2. Lack of funding for testing and enforcement and reluctance of victims to pursue legal remedies are serious impediments. Active testing is essential for investigating complaints and deterring discrimination.		
a. Ensure adequate funding for testing and enforcement by ABCRC. Seek FHIP funding. Partner with Pisgah Legal	ABCRC	ABCRC is currently funded from City & County grants and a HUD FHAP grant. It increased its FHAP funding through increased caseload and Partnership Initiative funds from \$45,400 in

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Services for future grant applications.		2000-01 to \$173,600 in 2004-05.
b. Consortium should approach NCFHC to request "survey testing" in areas outside ABCRC's jurisdiction.	Consortium Board	<p>Testing was conducted during 2004 by the North Carolina Fair Housing Center. The tests covered a seven county area: Buncombe, Madison, Henderson, Transylvania, Rutherford, Burke and McDowell Counties. Approximately five tests were done in each county and included tests for Race, Sex, National Origin, Handicap and Familial Status.</p> <p>The majority of the tests were inconclusive. There were some indications of discrimination but they did not rise to the level that would prove conclusive. The testing did indicate a need for education in the area of familial status.</p>
c. Hendersonville and Henderson Co. should consider adopting FH ordinance; or expand role of Asheville/Buncombe Fair Housing Commission to cover entire region.	Consortium Board, Henderson Co. Hendersonville	No action taken.
3. Limited and declining availability of affordable housing is an impediment, because members of protected classes are more likely to be economically disadvantaged.		
a. Consortium Board to discuss and renew commitment to FH; follow up with meetings and technical assistance in all Counties and municipalities.	Consortium Board and members	Consortium Board discussion and update in August 2003.
b. Members should consider local funding for affordable housing .	Consortium members	Asheville Created a Housing Trust Fund in 2000. \$1,900,000 committed thru' 6/30/05 to assist 259 affordable units (101 completed). Buncombe County created a Trust Fund in 2004 with \$300,000 of local funds. Other Consortium members have made grants for specific HOME-assisted projects .
c. Members should encourage public/private affordable housing ventures.	Consortium members	Asheville has used HOME, CDBG, HTF, and fee rebates to support private development & rehab. Henderson County has used a state CDBG grant to assist a private LIHTC project, Parkside Commons, in East Flat Rock.
4. Lack of a consistently enforced minimum housing code is an impediment, because members of protected classes are more likely to live in substandard housing.		
a. Consortium members should adopt minimum housing code.	Consortium members	Asheville, Hendersonville, Brevard, Black Mountain, Woodfin, and Buncombe County currently operate minimum housing codes.
b. Consortium Members should explore linking code enforcement to funding for rehabilitation; Board should encourage rental rehab programs.	Consortium	Asheville offers its rental rehabilitation (CARROT) program to all owners of MF housing with code violations. At present, no other Member has an investor-owned rehabilitation program.
5. Current zoning laws permit or foster NIMBY objections to multifamily housing, restricting the development of affordable housing in many neighborhoods.		
a. Zoning should encourage scattered site development of	Consortium Members	Asheville is seeing increased use of Conditional Use Re-Zoning for affordable and mixed-income

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affordable housing. Consortium members should consider permitting multifamily housing in all zoning districts, subject only to clearly defined restrictions and conditions that do not have the effect of preventing such developments.		development and has passed several ordinances to make M/F housing easier to locate (see "Barriers" section). A detailed review of the fair housing impacts of zoning ordinances has been completed. Most Members have ordinances that exclude multifamily developments from low- to medium-density districts, or make them subject to conditional use hearings.
b. Asheville should determine how much vacant MF zoned land is suitable for such development.	Asheville	Asheville has developed a GIS database and mapped these parcels. Availability of land for M/F development continues to be an issue.
c. Consortium members should consider permitting group homes for persons with disabilities in all zoning districts, with only minor, clearly defined conditions, not requiring a special hearing.	Consortium Members	Asheville has amended its UDO to allow group homes to be sited in all residential zoning districts.
d. Madison Co. should revise its zoning ordinance to remove an exclusion for certain rest and convalescent homes, which discriminates against a protected class.	Madison Co.	Madison County Commission has taken no action to date.
6. Shortage of affordable housing with supportive services for people with special needs is a serious impediment.		
a. Substantial part of Consortium's resources should be devoted to special needs housing.	Consortium Board	The production of supportive housing continues to be a high priority. Over the past five years, 67 units of housing for people with special needs have been produced with CDBG/HOME assistance.
b. Consortium members should conduct FH workshops to educate persons with mental disabilities, their advocates, and landlords.	ABCRC	ABCRC has increased its outreach significantly and conducts several workshops each year targeted to people with disabilities and also covers this aspect in workshops for landlords.
7. HMDA data shows African American loan applicants are disproportionately turned down, indicating the likelihood of Fair Housing violations that would be a serious impediment.		
a. ABCRC should seek Special Enforcement Funds to investigate lenders for illegal discrimination	ABCRC	ABCRC has worked actively with NAACP and NC Fair Housing Center to provide education on predatory lending practices. Special Enforcement Funds no longer available
b. Consortium should encourage local lenders to address imbalance of lending to minorities.	Consortium Board and local lenders	The imbalance remains a concern, but no clear evidence that this is due to discriminatory practices rather than income and credit issues. City of Asheville continues to track HMDA data NAACP has held workshops on predatory lending practices. A Latino Community Credit Union has been formed with assistance from the Self Help Credit Union.
8. Limited scope of public transportation is an impediment, because minorities and persons with disabilities are more likely to depend on public transportation.		
Consortium Members should support initiatives in expanding transportation programs that help	City, Consortium	Under direct City management since 2000, Asheville Transit Authority has significantly expanded fixed route bus services in Asheville

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lower-income persons get to jobs, services, and shopping, including creative alternatives such as ride-sharing, van-pooling, and park-and-ride lots.		<p>and Buncombe Co. 75% of the population of Asheville now lives within ¼ mile of an hourly or better bus service (90% in the most densely populated areas).</p> <p>In 2002 ATA started a service between Asheville and Black Mountain and partnered with Apple Country Transportation to provide a bus service between Hendersonville and Asheville, linking at the regional airport.</p> <p>Apple Country Transit now operates three bus routes within Henderson County, connecting Fletcher and other areas to Hendersonville. Routes have been running successfully since 2002, with 500-800 passengers a week on each one.</p> <p>Mountain Mobility provides a demand-response service for elderly, disabled, and rural general public passengers in Buncombe Co., averaging 450 passenger trips each day. Its new community service public bus route in Black Mountain links residential areas, senior housing communities, employees, and college students with the Asheville Transit services. This route is now carrying over 400 passengers each month.</p>
9. Absence of members of protected classes on HCD Committee and Consortium Board is an impediment.		
Continue to encourage minority representation on these bodies.	City, Consortium	Over the past five years either one or two out of 14 Consortium Board members has been African American. There has been no minority Asheville Council Member eligible to serve on the City's HCD Committee.
10. Some federal policies are impediments.		
Continue to press HUD for realistic fair market rents, and consider funding a survey if HUD will not.	Consortium Board	HUD proposed FMR rents for 2005 are significantly increased except for 2-bedroom units. Housing Authorities now have the ability to vary rent standards from FMR.
11. Racial disparities between public housing and section 8 programs demonstrate an impediment.		
Housing Authority should contract with ABCRC to to conduct FH workshops and to test whether section 8 landlords are discriminating illegally.	HACA, ABCRC	<p>ABCRC agreed with Housing Authority to provide workshops to staff and tenants; Five sessions were conducted in 2004.</p> <p>No funds have been available for testing Section 8 landlords.</p>
12. Steep terrain is an impediment, because it restricts water & sewer extensions for new affordable housing and makes many sites impracticable for persons with mobility impairments.		
Members should continue to seek federal and state support for infrastructure that will assist creation or preservation of affordable housing.	Consortium members	Madison County has actively pursued a straight pipe elimination program. Madison County and City of Brevard won state CDBG Neighborhood Revitalization grants for selected neighborhood improvements. Brevard and Henderson Co. have used state CDBG funds for water & sewer upgrades for LIHTC projects.

Economic Development

The Strategic Plan's priorities for economic development in 2000-2005 were to develop jobs that pay a living wage and train people for such opportunities, to support small business development, and to continue the revitalization of South Pack Square. Specific targets are:

- Assist in creation of 200 new jobs (40 per year) or business opportunities for LMI persons that pay a living wage.
- Provide training and job placement for 100 low-income persons (20 per year)

Three CDBG-funded programs contributed towards these targets during the program year:

Mountain Microenterprise Fund provided technical assistance to small entrepreneurs; 110 small businesses were created or sustained, providing 41 full time equivalent jobs.

- **Mountain Microenterprise Loan Fund** provided capital to four small businesses through CDBG loans, enabling each of them to either start or expand their business.
- **Eagle/Market Streets Development Corporation (EMSDC)** provided training and job placement for people with significant barriers to employment. 4 clients found employment and 5 are currently enrolled in job training or employment certification programs.

Accomplishments in meeting the Strategic Plan's outcome targets are shown below. The number of new jobs and self employment opportunities created is almost three times the five-year goal.

Table 10
Economic Development Outcomes

Outcome	5-Year Target	Annual Target	Achievements					
			FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Total to date
New jobs or self-employment opportunities	200	40	115	89	52	163	158	577
Job training and placement	100	20	43	26	32	22	9	132

The **South Pack Square** revitalization effort, a plan to restore five deteriorated buildings on Eagle and South Market Streets and construct a new infill building on S. Market Street, was significantly affected by the lawsuit brought forth by a neighboring property owner in November, 2003. The delay resulted in unachievable cost increases, bringing the development to a halt while EMSDC works to find a new developer and equity investors.

Additional activities undertaken by the City in the Economic Development field included:

- The City supported development of the Small Business Incubator located on A-B Tech's Enka Campus in the State Development Zone. 3 businesses have been accepted into the incubator. Renovations to the facility are underway, with an expected "official opening date" in 2006.

- Asheville City Council approved an Economic Initiative Grant of \$25,000 to Navigational Sciences Inc., a local wireless technology company developing a global marine transportation tracking and management system. Expansion of this business is expected to create 12 new jobs.
- After participating with the Land of Sky Regional Council staff to secure EPA funds for Brownfields programs, the City had four sites accepted into the Regional Brownfields Initiative.
- Tax increment financing was approved in North Carolina; The City's ED Director was co-Chair of a statewide advocacy group. Potential projects, which may include affordable housing components, are already in the early planning stages.
- After working with a regional group advocating for reintroduction of passenger rail service to WNC, the City of Asheville contributed \$141,000 for its share of costs to purchase a site for a rail station.

Other Non-Housing Community Development

The Strategic Plan identified housing, homelessness, and economic development as the City of Asheville's highest priorities for the use of CDBG funds. Supportive and human services are an essential component in stabilizing individuals and families in their housing goals and expanding their employment opportunities.

Six programs were funded this program year, serving over 3700 clients – an output total which exceeds the expectations set at the beginning of the year. Our outcome goal in this area is:

"To use CDBG funding of public services to assist 300 people each year to significantly improve their housing or economic opportunities"

Our human services programs achieved this goal in 2004-05 by helping 387 individuals or families in Asheville achieve these outcomes (see Figure 3 and Table 11). Over the whole five years we have fallen slightly short of our goal.

Figure 3 – Human Services Outcomes: 2001-05

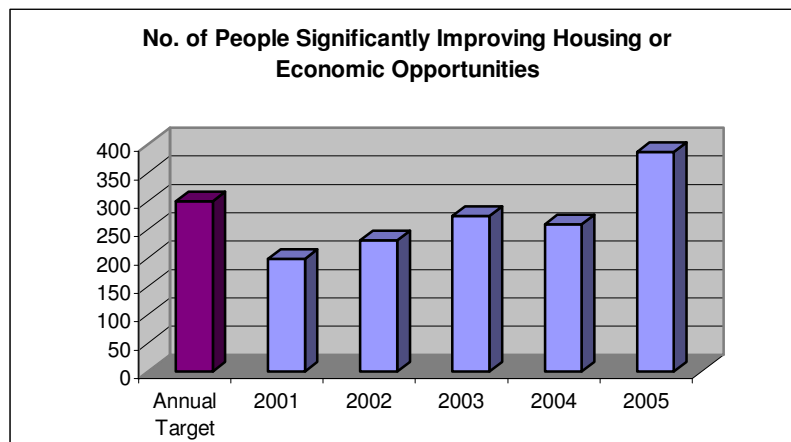


Table 11
Human Services Outcomes: 2001 - 2005

	2001	2002	2003	2004	2005	Five year Total
ABCRC Fair Housing Program – # of people improving their housing conditions after investigation and resolution of a Fair Housing complaints	na	2	3	6	13	24
Hospitality House – # of people moving from emergency shelters or transitional housing into more permanent housing	31	42	91	90	231	485
Consumer Credit Counseling Service – # of people successfully repaying all their unsecured debt through CCCS' Debt Repayment Program.	na	na	41	68	66	175
AHC Homeownership Education* - # of low-income families achieving homeownership	40	63	68	37	33	241
AHC Rental Counseling * - # of renter families meeting their goals for improving their housing conditions	49	47	54	53	40	243
EMSDC You Stand program – # of people achieving stable employment at a living wage	58	30	14	5	4	111
Totals	178	184	271	259	387	1,279

**in partnership with the Consumer Credit Counseling Service*

Additionally, CDBG and HOME dollars have been used in a number of public infrastructure improvements that have directly supported the construction of new affordable housing units and/or improved the access to public services for our low-income neighborhoods. Activities undertaken or completed during the year include:

- Sewer lines, water lines and storm drainage almost complete for Phase II of Enka Development single-family new construction.
- Replacement and upgrade of waterline in a low-income neighborhood in West Asheville. Project improves water pressure & fire protection for 51 households, and facilitates infill of 17 vacant lots.
- Infrastructure improvements in the West End Clingman Avenue Neighborhood (WECAN) target area including:
 - Installing new water meters, sidewalks and repaving Rector Street directly benefiting 31 households, and providing water & sewer access to 7 vacant lots.
 - Grading and installing water & sewer, storm drainage and underground electric for new street where 12 new units will be constructed, 7 of which will be affordable.
 - Near completion of Prospect Park, including bus shelter, trails, bridge, clean-up of stream and reforestation.

Other HUD-Defined Priorities

Removing Barriers to Affordable Housing

Funding: The City appropriated \$600,000 this year for its Housing Trust Fund (HTF). With loan repayments, \$770,000 was allocated to five projects which will produce 46 new affordable housing units (see Table 4). Sales price limits were changed from a flat cap of \$130,000 per unit to a tiered structure (\$95,000 - \$150,000) based on the number of bedrooms. Since the creation of the HTF in 2000, nearly \$3 million has been awarded to assist in developing 265 new affordable rental and homeownership units.

In 2004, Buncombe County created a local Housing Trust Fund, capitalized with an appropriation of \$300,000 and continued in 2005 with another \$300,000. It supports the following programs:

- Low interest loans for new construction of single-family and multi-family homes that are priced affordably (\$135,000 or less);
- Downpayment assistance programs;
- Reduced permit fees for construction of affordable homes.

Fees: The fee rebate scheme operated by the City of Asheville provided a total of \$86,157 in rebates on building permits and water and sewer fees for 52 new single-family homes, 68 condominium units, and 8 new affordable rental units.

Buncombe County continued its waiver of landfill fees for waste materials generated by affordable housing projects.

Other Barriers: The City of Asheville has continued to revise its zoning ordinances to remove barriers to affordable housing. Over the past year City Council adopted the following changes to the City's Unified Development Ordinance:

- Rounding up density to allow up to 20% increase in dwelling units on a property.
- Creation of an Urban Place zoning district allowing density of up to 64 units per acre. The first project proposed under this new district will provide affordable housing units.
- Allowing 50% of adjacent on-street parking to count toward parking requirements, potentially decreasing development costs.
- Establishing a conditional zoning procedure that eliminates quasi-judicial hearings and simplifies the approval process for multi-family residential development of over 50 units.

A complete response to HUD's Questionnaire on removing regulatory barriers to affordable housing is in our 2005-2010 Consolidated Strategic Housing and Community Development Plan.

Evaluating and Removing Lead-Based Paint Hazards

Lead-based paint (LBP) can be found in homes built before 1978, when it was banned for residential use, and it is very common in housing built before 1950. The Strategic Plan set two goals in this area:

1. To reduce LBP hazards in 40 units a year, Consortium-wide;

2. To increase the annual lead poisoning screening rate for children aged 6 and under to more than 35% in all counties by 2005.

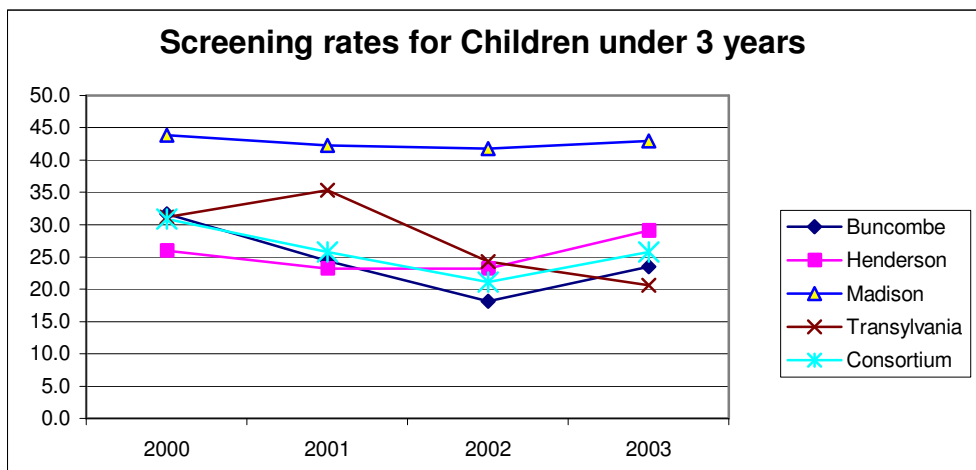
These goals were based on receipt of a HUD LBP Hazard Reduction Grant. An application was submitted in 2001, but was not successful. Lacking a source of funding specifically for LBP hazard reduction, we have noted a reduction in the number of older properties rehabilitated. The cost and additional complexity of addressing LBP in compliance with HUD and state regulations is proving a disincentive to rehabilitation of these properties.

During the program year, LBP hazard reduction and successful clearance testing was completed in 20 rehabilitated units and 1 downpayment assistance unit, Consortium-wide. The cumulative total since 2002, the first reporting period following the introduction by HUD of more stringent LBP regulations, is 39 rehabilitated units and 1 downpayment assistance units.

Screening rates for young children are available from the state only for the most at-risk group – those aged 1 and 2 years. They have fluctuated over the period. Madison County was the only county in the Consortium to consistently attain a rate over 35%. This may be due to the fact that in Madison County there is a shortage of primary care facilities, causing most children to visit the County Health Center for immunizations, when they are also routinely tested for lead. Expansion of screening in other areas has been limited by the lack of resources for outreach and education.

City staff continues to monitor and provide technical assistance to partner agencies to improve compliance with HUD LBP hazard reduction. The City also provides staff to assist teaching the Lead Safe Work Practices course offered through Asheville-Buncombe Technical College and facilitated by the Lead Poisoning Prevention Program of UNC-Asheville. Ten (10) workers were trained in lead safe work practices during the program year. The City funded training opportunities for staff in lead inspection and risk assessment, and now has on staff a fully certified inspector/risk assessor/abatement supervisor.

Figure 4 – Screening for childhood lead poisoning



Actions to Reducing the Number of Persons Living in Poverty

Most of the activities conducted by the CDBG and HOME programs benefit low and very low-income persons and help to raise families out of poverty. Generally speaking, households below 30% of median income are also below poverty level, but the correlation is not exact. Statistics based on the Census definition of poverty cannot be gathered without imposing heavy additional reporting burdens on our subrecipient agencies.

Tables 15 and 16 (in Section XI) show that the programs with the greatest impact for people in poverty were:

- ABCRC – fair housing education & investigation
- AHC - rental education and TBRA programs
- EMSDC - You Stand job training program
- HACA - Hillcrest Enrichment program
- Hospitality House - services for the homeless
- MHO – emergency home repair program

Overall, 68% of CDBG and 22% of HOME beneficiaries were from households below 30% of median income, i.e. most likely living in poverty.

Developing Institutional Structure and Enhancing Inter-Agency Coordination

Asheville is fortunate in the number and strengths of its non-profit agencies and housing developers. A variety of formal and informal linkages exist between them and with government and the private sector.

- The **Asheville Regional Housing Consortium Board** provides an outstanding example of coordination in its oversight of the HOME program and advice to Asheville City Council on the allocation of funds. Encompassing 14 counties and municipalities, it has worked cooperatively since 1993 to bring the benefits of the program to all areas of the 4-county Consortium.
- The **Affordable Housing Coalition**, a 501(c)3 non-profit agency acts as an advocate for other agencies in the housing field, as well as operating its own program of housing-related services (but not housing production).
- The **Asheville-Buncombe Coalition for the Homeless** is an unincorporated forum in which all the major homeless service providers are represented. It has been very effective in lobbying for the homeless, in creating and refining the Continuum of Care, in prioritizing local applications for HUD Supportive Housing Grants, and in preparing for an HMIS system.
- **Pisgah Legal Services** plays an important role in providing research, planning, and grant-writing services to local non-profit agencies through its CDBG grant– including the annual Continuum of Care application.
- **Mountain Housing Opportunities** is successfully coordinating infill development, neighborhood and infrastructure improvements in the West End/Clingman Avenue Neighborhood in cooperation with residents, City departments, the Regional Water Authority, the Metropolitan Sewerage District, and other agencies.

- **Neighborhood Housing Services** is working with the Shiloh Neighborhood Association (South Asheville) and with the Burton Street Neighborhood (West Asheville) to identify community needs and implement neighborhood planning and revitalization efforts in both neighborhoods, including working with a local task force to explore the possibility of creating a Weed and Seed Program in West Asheville.



- **National Church Residences**, an Ohio-based non-profit with nationwide experience has acquired and renovated the 122-unit Battery Park Apartments and is now planning a similar acquisition of the Vanderbilt Apartments, thus preserving two key downtown apartment buildings for elderly people.

Ribbon cutting for new bus shelter in

Monitoring and Technical Assistance

Most of the CDBG and HOME funds administered by the City of Asheville are disbursed through grants to other governments or non-profit agencies. A scope of work, budget, and standard program requirements are set out in each grant agreement. Each subrecipient, CBDO or CHDO must send in monthly or quarterly written reports, and support its reimbursement requests with invoices, payroll information or other specific back-up. Funds are never disbursed in advance of costs being incurred and documented.

The City maintains a Monitoring Plan that assesses the risks of each project and conducts a planned cycle of monitoring visits during the year to insure that projects are being carried out in accordance with the grant agreement, and in compliance with the HUD regulations. Desk reviews and on-site visits listed below include a detailed review of program and client recordkeeping either submitted by the agency or reviewed directly at the agency's own offices; other site visits are limited to observation of the program and technical assistance on specific issues. Not listed are the frequent telephone calls, e-mail exchanges, and technical assistance meetings in City Hall, that take place as projects are implemented.

All subrecipients, CBDO's, and CHDO's are required to attend at least one formal training session each year, conducted by City staff. During the reporting year, staff provided a mandatory start-up training session on June 22, 2005.

CDBG – Desk & On-Site Reviews	CDBG - Site Visit/Technical Assistance
ABCRC – Fair Housing	Asheville Area Habitat – Closeout & Progress Reports, Enka
Eagle Market Streets Development Corporation (EMSDC) – You Stand Program	EMSDC – SPS Redevelopment – Relocation & Redevelopment
Flynn Homes – Courtland Avenue Group Home – Desk & site review	EMSDC – Restructuring You Stand
Hospitality House – Homeless Services	Grove Arcade Public Market Foundation – GAIN Program
Mountain Housing Opportunities (MHO) – Single Family New Construction – Desk review	Asheville Housing Authority (HACA) – Woodfin Apartments

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	HACA – Hillcrest Enrichment Program
	MHO – Clingman Infrastructure
	MHO – Prospect Street
	Mountain Microenterprise Loan Fund
	Neighborhood Housing Services – Single Family Development – Income Verification
HOME - Full Monitoring Visits	HOME - Site Visit/Technical Assistance
	Housing Assistance Corporation – Village at King Creek
	MHO - Prospect Terrace construction
	MHO - Northpoint Commons
	W. Carolina Community Action - English Hills
	Madison County - Rural Housing Rehab program
	Our Next Generation – Carriage Meadows
	NHS Single-Family New Construction
	First Step Farms
	MHO – Single Family Rehabilitation Program

Rental Housing Inspections (HOME Program only)

HUD regulations require annual on-site inspections for HOME-assisted rental housing developments consisting of 26 or more units, inspections every 2 years for developments of 5-25 units, and every three years for developments of 1-4 units. Inspections include compliance with property standards, rent limits, and tenant income limits.

During the reporting period, a desktop rental housing compliance review was carried out for each of the rental developments listed below. These reviews analyzed the projects' rent roll to determine HOME program rent compliance and tenants' income eligibility. In units occupied by over-income tenants, rents were restricted by the Low-Income Housing Tax Credit program. Following is a table listing all the Consortium's HOME-assisted rental projects subject to inspection.

<u>Development</u>	<u>Units</u>	<u>Last Inspected</u>	<u>% Units < 80% AMI</u>	<u>Next Rent Review</u>
Mountain Springs Apts, Asheville	44	9/98	100	6/06
Excelsior Apts, Brevard	20	5/03	100	6/07
River Glen Apts, Arden	38	6/03	92	6/06
Overlook Apts, Asheville	48	9/98	98	6/06
Laurel Bridge Apts, Asheville	10	6/03	100	6/08
Laurel Wood Apts, Asheville	50	-	100	6/06
Wind Ridge, Asheville	40	6/03	88	6/06
Dunbar Place Apts, Asheville	74	6/03	100	6/06
LIFE House Apts., Asheville	20	-	100	6/07
Compton Place Apts, Asheville	40	6/04	95	6/06
Hillside Commons, Hendersonville	36	10/03	100	6/06
McCormick Heights, Asheville	12	-	100	9/05

Note: At initial occupancy, at least 90% of the units in these developments were rented to families with incomes equal or less than 60 % AMI.

Relocation & Displacement

The City makes every effort not to displace anyone unless absolutely necessary. The City follows a *Displacement and Relocation Policy* which sets out a plan for avoiding the displacement of homeowners, residential tenants, businesses, and non-profit organizations as a result of federally funded activities, and for providing assistance in accordance with the Uniform Relocation Act in those cases where displacement is unavoidable. During the reporting year, no involuntary residential relocation was caused by use of CDBG or HOME funds.

The City's optional "hardship relocation" policy was used to help three tenant families who were displaced from a grossly substandard apartment building (1086 Hendersonville Road) by Housing Code Enforcement action. They were assisted in finding decent affordable units.

The relocation of the personal property from one business displaced by the South Pack Square Redevelopment Project was completed. The full relocation of the business is still underway. The table below summarizes relocation activities during the reporting year.

Table 12
Relocation Cases

Case Number	Census Tract <u>from</u> which tenant moved	Census Tract <u>to</u> which tenant moved
Hardship -1	21.02	9
Hardship -2	21.02	15
Hardship -3	21.02	30.01
EMSDC -3 (personal property)	1	7
EMSDC-3 (business)	1	under way

Recapture Provisions for Homeownership Activities (HOME Program only)

In providing homeownership assistance to eligible families, the Asheville Regional Housing Consortium adheres to the recapture provisions set forth in Part 92.254 of the HOME Final Rule. These provisions ensure that each housing unit will remain affordable to a reasonable range of low- and moderate-income homebuyers according to the following schedule:

<u>HOME Funds Provided</u>	<u>Period of Affordability</u>
Less than \$15,000	5 years
\$15,000 - \$40,000	10 years
More than \$40,000	15 years

The Consortium's HOME funds are placed as a direct homebuyer subsidy, and must be used to reduce the fair market value of the housing unit to a price affordable to the homeowner. HOME funds are not be used for a development subsidy, which is the amount by which the development costs exceed the fair market value. All HOME funds are provided in the form of a zero percent, non-amortizing, deferred second mortgage, secured with a Promissory Note and Deed of Trust. When repayment is due (e.g. on subsequent sale) the homeowner is

ensured recovery of his/her investment, including subsequent improvements and cost of sale. At the City's discretion, a subsequent low-income buyer may assume the HOME loan.

For example, if a low-income family buys a HOME-assisted unit for \$100,000, but can afford a first mortgage of only \$80,000, up to \$20,000 of HOME funding may be rolled into a deferred, zero percent, second mortgage, enabling the family to make monthly payments only on the \$80,000 first mortgage. If, however, during the 10-year period of affordability the family decided to sell the house to a non-income-eligible family, the HOME investment would have to be repaid. If the home was re-sold for \$110,000, the HOME loan would be repaid in full and the homeowner would realize \$10,000 (less costs of sale) in equity appreciation. However, if the home sold for only \$95,000, the HOME repayment would be reduced so that the owner was not in a "negative equity" position.

The City of Asheville has provided all HOME subrecipients with a model Promissory Note and Deed of Trust to ensure compliance with the Recapture provisions and other HOME requirements, as applicable.

Affirmative Marketing

The City of Asheville has established procedures to affirmatively market housing units rehabilitated or newly constructed through the HOME and CDBG programs, to ensure that individuals of similar economic levels in the same housing market area should have available to them a like range of housing choices regardless of their race, color, religion, sex, or national origin.



New homeowner of a home built on Burton Street by NHS

The City and its partners in the Consortium have adopted procedures to:

1. Inform the public, potential tenants and others about the federal Fair Housing Law and Affirmative Marketing policies;
2. Require owners to inform the general public about available rehabilitated units;
3. Solicit applications from persons in the housing market area who are not likely to apply for units without special outreach;
4. Require owners to keep records on (a) the racial, ethnic and gender characteristics of tenants and applicants and (b) activities they (the owners) undertake to inform the general renter public;
5. Assess the affirmative marketing efforts of property owners by examining owners' records on actions they have taken;
6. Take corrective action if it is concluded that an owner has failed to carry out the required affirmative marketing procedures.

Table 16 shows that of the 230 households assisted with HOME funds during the reporting period, 15% were Black, 84% were White, and 7% were Hispanic (compared with a general

population in the area that is 6% Black, 91% White, and 3% Hispanic). The marketing policies carried out by the City and its subrecipients and CHDOs are evidently effective in reaching a diverse group of beneficiaries, whether classified by income, race, national origin, age, or family type.

Minority Business Outreach

The City of Asheville and Buncombe County have jointly developed an Office of Minority Affairs and a Minority Business Plan to increase contracting opportunities for minority- and women-owned businesses. The objectives of this Plan are:

1. To provide minority businesses equal opportunity for participating in City and County construction, contracting and procurement;
2. To increase the City's and County's awareness of available minority business vendors and the available product lines and services they provide through the development of a minority business list;
3. To develop a certification program which assists minority businesses in registering and keeping such firms informed of opportunities in contracting, procurement and purchasing;
4. To sponsor workshops and conferences which will assist minority businesses in becoming actively involved in procurement and contracting opportunities;
5. To provide clear and concise procedures for monitoring Plan compliance and to provide procedures for the resolution of complaints against businesses holding construction, procurement or service contracts with the City or County.

During June of the reporting period, the City sponsored a start-up training session for CDBG- and HOME-funded agencies. The Director of the Office of Minority Affairs led a presentation on increasing the opportunities for minority vendors in the purchasing and contracting process. The Minority Affairs Office provides referrals of certified minority firms through the Directory of Certified Businesses, which is published quarterly beginning in January.

During the program year, Asheville Area Habitat for Humanity awarded a contract for infrastructure construction Enka Land Subdivision, a development of 55 units of affordable, single-family housing. The bid documents for this contract were sent to the Office of Minority Affairs, where they were open to examination by minority businesses. This was also stated in the Advertisement For Bids notice.

As part of the bid process for the Woodfin Apartments rehab project, the City sent bid notices to 3 certified contractors on the MWBE list and 1 certified subcontractor. The company that was awarded the rehab construction contract, Hart Brothers Construction Company, awarded major subcontracts to 2 certified MWBE subcontractors.

Mountain Housing Opportunities, Inc., a local non-profit and HOME-certified Community Housing Development Organization, contracted with Weaver Cooke Construction, LLC, to develop Northpoint Commons Apartments. The construction plans were made available for review at the Asheville office of the Associated General Contractors of America. A total of 8 certified MWBE subcontractors submitted bids for work and 2 were awarded subcontracts.

Matching Funds (HOME Program only)

For every \$100 in HOME funds expended on projects, the Consortium is required to provide at least \$25 in matching non-federal funds. The City of Asheville maintains a Match Log to account for all match funds, either cash or non-cash, that are expended on HOME-assisted activities each program year. In some projects, match funds exceed the 25 percent requirement, resulting in surplus match funds, which can be carried forward to reduce the amount of required match in future fiscal years.

In recent years, the Consortium has generated large amounts of surplus match as a result of Habitat for Humanity activities in Asheville and Henderson County. These Habitat chapters finance each house at a zero percent interest rate for twenty years. The HOME regulations allow match to be calculated as the difference between the yield of this “below market interest rate” loan and the yield that would have been realized if a market interest rate had been used. As a result, the Consortium is not currently requiring Member Governments and CHDOs to generate match on their other projects. The cash match generated during the reporting period was placed by Buncombe County general funds.

The Consortium’s detailed match log for the reporting year can be found in Section XI.

Section V: Citizen Comments

No comments were received on the draft CAPER.

Section VI: Self Evaluation

Impact of programs

This self evaluation will focus both on the activities we have accomplished in the past 12 months (the reporting year) and on the achievements made over the past five years towards the goals set in the Consolidated Strategic Housing and Community Development Plan for 2000-5.

There is good news and bad news. The City of Asheville, Consortium members, and partner agencies have made solid achievements in addressing the priority needs identified in the Strategic Plan, and have met most performance targets and exceeded some. However, this has not been enough to meet community-wide needs. For example, the proportion of extremely low-income households spending more than half their income on housing costs increased from 39% in 1990 to 49% in 2000, and their numbers increased by 4,125. The homeownership rate among minorities fell from 58% to 45% over the same period. The incidence of homelessness increased over the period, though it seems to have stopped increasing in the last year.

Our primary focus is **affordable housing**. During the reporting year, we completed 316 units of affordable housing assisted with CDBG or HOME funds, an 11% increase over the previous year's total. **Over the five-year period we produced 1447 units, exceeding our goal by 56% (see page 5 for details)**. Each of these units represents a household with significantly improved housing, whether through buying their first home, moving into a decent affordable rental unit, or having essential repairs done to a substandard home.

These figures do not include units produced by our non-profit partners using other funding sources, nor does it count affordable homes constructed by for-profit developers who took advantage of the City's Housing Trust Fund and Fee Rebate programs. We are aware of at least **721 other affordable units produced** during the five year period.

Major housing developments completed during the reporting year include:

- Preservation and renovation of 121 rental units for the elderly at Battery Park Apartments, an expired Section 8 project which was at risk of being turned over to market rate housing. We are grateful to our new partner National Church Residences for preserving this vital asset.
- Completion of 39 new family apartments at Northpoint Commons, Phase I, in Woodfin (31 leased to date). This is the fourth successful Low Income Housing Tax Credit development by Mountain Housing Opportunities.
- Construction of 44 new homes for sale to low-income families

We continue to reach a large number of people through **other CDBG-funded programs**. The emphasis remains on programs that support housing programs or economic development and job training. During the past five years we have greatly exceeded our **economic development** goals for job creation and job placement, through the work of two non-profit agencies: Mountain Microenterprise Fund and Eagle/Market Streets Development Corporation (page 18).

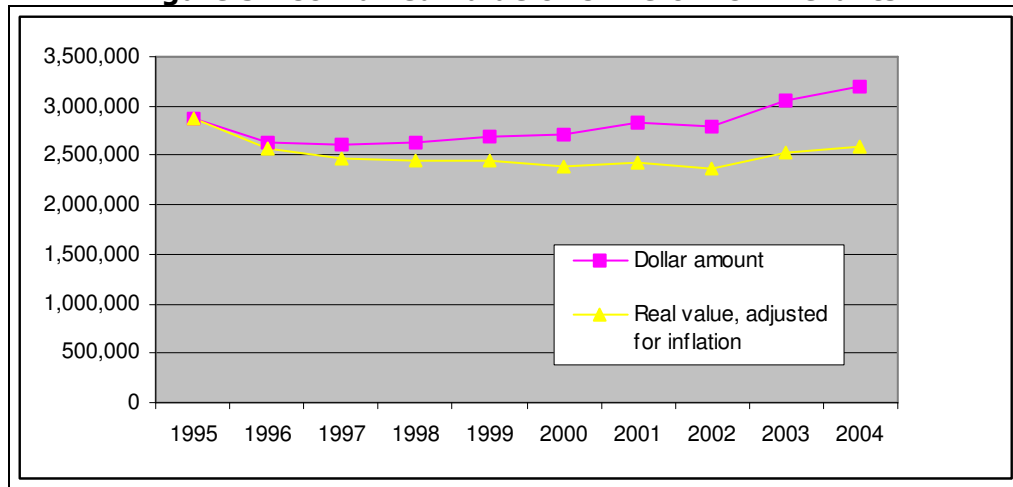
Unfortunately, plans for a major redevelopment of the deteriorated South Pack Square commercial area were delayed by unforeseen legal action just before implementation.

Our human services programs have also been active and productive. As well as serving an increasing number of people, our partner agencies have also increased their effectiveness in producing (and measuring) positive outcomes, i.e. significant and lasting improvements in their client's lives. Details are shown on page 20.

Barriers Having a Negative Impact

1. A major barrier to further achievements is the level of funding. The chart below shows that despite recent increases in HOME funding, the combined real value of CDBG and HOME funds, adjusted for inflation, is not increasing and is less than it was 10 years ago.

Figure 5: Combined Value of CDBG & HOME Grants



2. The housing market is becoming even tighter. Housing resale prices in Asheville over the past five years have increased by 39%, that is significantly more than any other metropolitan area in North Carolina. This is due in large part to the attractiveness of our area to retirees, people acquiring second homes, and professional people moving here for a better quality of life.

3. Local land and construction costs are also significantly higher than elsewhere in the state and are expected to continue increasing. It is becoming more and more difficult for our development partners to build single- or multi-family housing that is affordable to our target population. The level of subsidy needed to make new S/F homes affordable to families below 80% AMI has noticeably increased. The increased cost of multifamily housing has to some extent been offset by more help from the state LIHTC program.

4. Affordable housing developments continue to experience opposition from local residents objecting to denser, lower cost housing in their vicinity, traffic increases, and loss of open space. Elected officials have difficulty in balancing these opposing voices with the need to encourage affordable housing development.

5. A new barrier in the field of homeless services has been created by HUD's requirement that agencies receiving federal funds implement a homeless management information system (HMIS) without providing any additional funding for this. The first-year cost to our agencies is \$1,000 per staff person using the system. Most agencies have to have several people registered as users to provide adequate coverage.

6. Another new barrier has arisen in the structure of Fair Market Rents. HUD has set the 2005 FMR for a 2-bedroom unit (including utilities) at \$600, only \$63 more than a 1-bedroom unit, and \$216 less than a 3-bedroom unit. This low rent level makes it extremely hard for Section 8 voucher holders to find 2-bedroom units and for HOME-assisted developers to build them. Two-bedrooms is most common size of rental unit, which makes the problem worse. We intend to ask HUD to review these rents .

Status of Grant Programs

Table 1 in Section II (Overview) shows that the City has had no difficulty in meeting HUD spending targets. The unexpended balances at the close of the fiscal year represented only 81% of the CDBG entitlement grant level and 76% of the HOME grant. The rate of HOME spending was particularly high. We were pleased to see that between December 2003 and December 2004 the Consortium's ranking in the HOME 'SNAPSHOTs' performance outcomes rose from 10th to 6th out of 17 communities in the state, and from the 34th to the 60th percentile nationally.

Changes in Consolidated Plan Strategies

We have found no need to make formal changes to the major priorities and goals set out in the 2000-05 Strategic Plan. In order to develop the next five-year plan for 2005-10, we carried out a complete re-assessment of priorities, strategies and performance targets through an extensive citizen participation process. This has resulted in numerous changes and refinements, however affordable housing remains the primary focus, with increased emphasis on meeting the needs of the homeless, and the working poor (people earning up to twice minimum wage).

The 2005-10 plan also defines more specific outcome targets for each type of activity, and is in line with HUD's requirements in this area. Outcomes reported in this year's CAPER on the project detail pages (sections VIII and IX) are already starting to follow the new pattern.

Section VII: Certification that the City is pursuing its HCD Plan

i. By Pursuing Resources

The City has pursued all federal state and local resources identified in its annual Action Plans. Section III of this plan shows how CDBG and HOME funds have been used successfully to leverage other resources.

ii. By Supporting Grant Applications by Other Agencies

The City has actively supported other public and private non-profit agencies in developing new programs and applying for funding from HUD and other sources. No agency seeking a Certificate of Consistency with the City's Consolidated Plan was refused.

iii. By Acting to Implement the Consolidated Plan

Section IV demonstrates the progress that the City and its partners have made in implementing the Consolidated Plan. The City has committed and expended CDBG and HOME funds in a timely manner. It has never hindered this process by action or deliberate inaction.